

# **CONSUMER DECISION- MAKING ESSAY PACK**

For CAIE A2 Psychology Paper 3

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1. (a) Describe what psychologists have discovered about:

- theories of consumer decision making, and
- strategies of consumer decision making, including a study. [6]

Ans.

Several theories explain how consumers make decisions. Utility theory proposes that

consumers make decisions based on the utility they derive from a product or service. Utility is a measure of the satisfaction or benefit that a consumer derives from a product or service. The utility theory of consumer behavior suggests that consumers make decisions based on the principle of utility maximization. This means that consumers will choose the product or service that provides the highest utility, given their budget and the prices of the products or services. The utility theory of consumer behavior is based on the assumption that consumers are rational and make decisions based on the principle of utility maximization. This theory has been used to explain a wide range of consumer behavior, including the choice of products, the choice of brands, and the choice of prices.

Consumer decision-making strategies describe how choices are made in practice. Compensatory strategies involve weighing positive

attributes against negative attributes. In a compensatory strategy, a consumer will consider all the attributes of a product or service and weigh them against each other. If the positive attributes outweigh the negative attributes, the consumer will choose that product or service. Compensatory strategies are used by consumers who are looking for a product or service that meets all their needs. This strategy is often used for products or services that are expensive or that have many attributes. Compensatory strategies are also used by consumers who are looking for a product or service that is a good value for the money. This strategy is often used for products or services that are sold at a discount or that are on sale.

Jedetski et al. studied how website design affects

consumer decision-making. They found that website design can have a significant impact on consumer decision-making. For example, a website that is easy to navigate and that has a clear layout can lead to a higher conversion rate. On the other hand, a website that is difficult to navigate and that has a cluttered layout can lead to a lower conversion rate. Jedetski et al. also found that website design can affect the way that consumers perceive a product or service. For example, a website that has a professional and trustworthy design can lead to a higher perception of the quality of the product or service. On the other hand, a website that has a cheap and unprofessional design can lead to a lower perception of the quality of the product or service.

1. (b) Evaluate what psychologists have discovered about:

- theories of consumer decision making, and
- strategies of consumer decision making, including a study.

including a discussion about application to everyday life

Evaluation in your answer can include strengths, weaknesses and a discussion of issues and debates. [10]

Ans.

One relevant issue is application to everyday life. Theories of decision-making help psychologists and marketers design environments that reduce decision difficulty. For example,

[Redacted text block]

Another relevant issue is individual and situational explanations. Consumer decision-making theories highlight individual factors such as aspiration level,

[Redacted text block]

A final issue is reductionism versus holism. Some theories, such as utility theory, are reductionist because they portray consumers as rational calculators of value,

[Redacted text block]

**2. (a) Describe what psychologists have discovered about:**

- **applying heuristics to decision-making styles, including a study, and**
- **point of purchase decisions, including a study. [6]**

**Ans.**

Applying heuristics to decision-making styles refers to how individuals set simple decision rules depending on both personal style and situational pressure. Del Campo et al. investigated whether use

[REDACTED]

Point-of-purchase (POP) strategies are techniques used inside stores to influence decisions made at the buying moment, such as multiple-unit pricing, purchase limits etc. Wansink et al. examined POP decisions using

[REDACTED]

**2. (b) Evaluate what psychologists have discovered about:**

- applying heuristics to decision-making styles, including a study, and
- point of purchase decisions, including a study

**including a discussion about individual versus situational explanations**

**Evaluation in your answer can include strengths, weaknesses and a discussion of issues and debates. [10]**

**Ans.**

One relevant issue is individual versus situational explanations. Research on heuristics shows that decision-making depends on both internal styles and external pressures. Del Campo et al. showed that

[REDACTED]

Another relevant issue is application to everyday life. Heuristics research has high relevance, as consumers frequently shop under time pressure and limited information, making heuristic use likely. Del Campo et al.'s findings

[REDACTED]

A final issue is the use of experiments. Experimental methods allow psychologists to establish cause-and-effect relationships between heuristics, situational pressure and purchasing behaviour. Del Campo et al.'s

[REDACTED]

3. a) Describe what psychologists have discovered about:

- system 1 and system 2 thinking, and
- consumer memory for advertising, including a study. [6]

Ans.

System 1 and System 2 thinking describe two modes of decision-making. System 1 is fast, automatic and intuitive, [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] Shleifer argued that System 1 thinking [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

Consumer memory for advertising refers to how consumers encode, store and retrieve advertising information. This memory is vulnerable to interference, [REDACTED]  
[REDACTED] Burke and Srull investigated interference effects in consumer memory. In experiment 1, [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] n rather than passively viewing them, influenced how strongly interference affected recall.

**3. b) Evaluate what psychologists have discovered about:**

- **system 1 and system 2 thinking, and**
- **consumer memory for advertising, including a study**

**including a discussion about individual versus situational explanations.**

**Evaluation in your answer can include strengths, weaknesses and a discussion of issues and debates. [10]**

**Ans.**

One relevant issue is individual versus situational explanations. System 1 and System 2 thinking shows how decision-making depends on both

[Redacted text block]

Another relevant issue is determinism versus free-will. Research on System 1 suggests a deterministic view, as heuristics like anchoring and availability bias influence decisions without conscious awareness. Similarly, Burke and Srull's findings on

[Redacted text block]

A final issue is the use of experiments. Experimental research on System 1 and System 2 thinking and consumer memory helps to

[Redacted text block]

**4. a) Describe Hall et al.'s study on choice blindness. [6]**

**Ans.**

Choice blindness refers to people's failure to notice a mismatch between their original choice and the outcome they are presented with. Hall et al. investigated

A field experiment was conducted in a supermarket in

Results showed that most participants failed to detect the switch. Total detection was



#### 4. b) Evaluate Hall et al.'s study on choice blindness

including a discussion about determinism versus free-will

Evaluation in your answer can include strengths, weaknesses and a discussion of issues and debates. [10]

Ans.

One relevant issue is determinism versus free-will. Hall et al.'s findings support a largely deterministic view of decision-making,

[REDACTED]

A second relevant issue is use of experiments. A strength of the study is that it used a field experiment in a real supermarket, increasing ecological validity. Participants were

[REDACTED]

A final issue is reliability. The study used a standardised procedure, including the same two-compartment jars, fixed rating scales and clear categories of detection - concurrent, retrospective and

[REDACTED]

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